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ABSTRACT

Canada's Arctic co-operatives are designed to provide a means of encouraging Eskimos to participate directly in the economic development of the Arctic through the promotion of cooperative ownership and enterprise. They also seek to provide a method of maximizing economic returns in Arctic communities from local businesses and enterprise. Backed by government loans, the cooperative's numbers and success have increased rapidly since their inception in 1959. Total sales volume increased from $209,000 in 1961 to nearly 3.1 million in 1969. Changes beyond the economic benefits have also occurred. Eskimos have moved from merely supplying raw materials to production, purchasing and marketing, thus eliminating unnecessary middlemen. Social benefits include the rise of Pan-Eskimo solidarity and community-wide decision making. The co-ops have also provided a valuable training ground for native leaders. Successful multipurpose co-ops have cut across generational and sexual lines for the full utilization of human resources. Women, in particular, have acquired needed roles and outlets for their talents. The net effect of the co-ops has been a healthier, independent Eskimo population actively participating in the cooperative development of the Canadian Arctic. (DS)

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The Economic and Social Impact of the Arctic Co-operative Movement on the Canadian Eskimo

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The development of Arctic Canada's resources has historically been guided by two contrasting administrative approaches: one favoring the free play of profit motives in a laissez-faire market economy and the other co-ordinating development through formalized government planning.[1] In both approaches, Eurocanadians are the dominant figures, while the Eskimos are depressed and subservient.

Under the laissez-faire philosophy, private developers are allowed a free hand in extracting the resources of a region and in dealing with the Eskimo. What all too often results from this philosophy is the subordination of Eskimo interests to the quest for quick profits by transient whites. In the planned economy, the Federal Government operates in a paternalistic manner, protecting Eskimos from economic exploitation, but excluding them from resource development decision-making.

Against this background, a third approach to development is emerging in the Canadian Arctic--the Arctic co-operative movement. In 1959, the first two Arctic co-operatives were incorporated. Within the next decade, twenty-seven more were organized by the Eskimos with the assistance of the Federal and Territorial governments. Their main objectives are to provide a means of encouraging Eskimos to participate directly in the economic development of the Arctic through the promotion of co-operative ownership and enterprise and to provide a method of maximizing economic returns in Arctic communities from local business and enterprise.[2]

The above objectives, formulated by the Co-operative Services Section of the Department of Indian Affairs and Northern Development, provide the basis for defining the problem of this paper. Is co-operative managed resource development an effective alternative to the two traditional approaches in (1) maximizing benefit in the local communities and (2) in promoting Eskimo self-sufficiency in community organization through a greater decision-making role in Arctic development?

Establishment and Diffusion

The beginnings of the Arctic co-operative movement are submerged in the rush of the Federal health and educational activities of the 1950's. These programs rightfully dominated the government's initial attention. The restoring of personal health and vigor to the Eskimos, coupled with a provision for expanded educational opportunities, are the cornerstones of any long-range development program.

Yet, despite gains in health and education, the Arctic economy remained depressed and the Eskimos dispirited. In fact, area economic surveys in the 1950's suggested conditions to be deteriorating. One such study of Ungava Bay

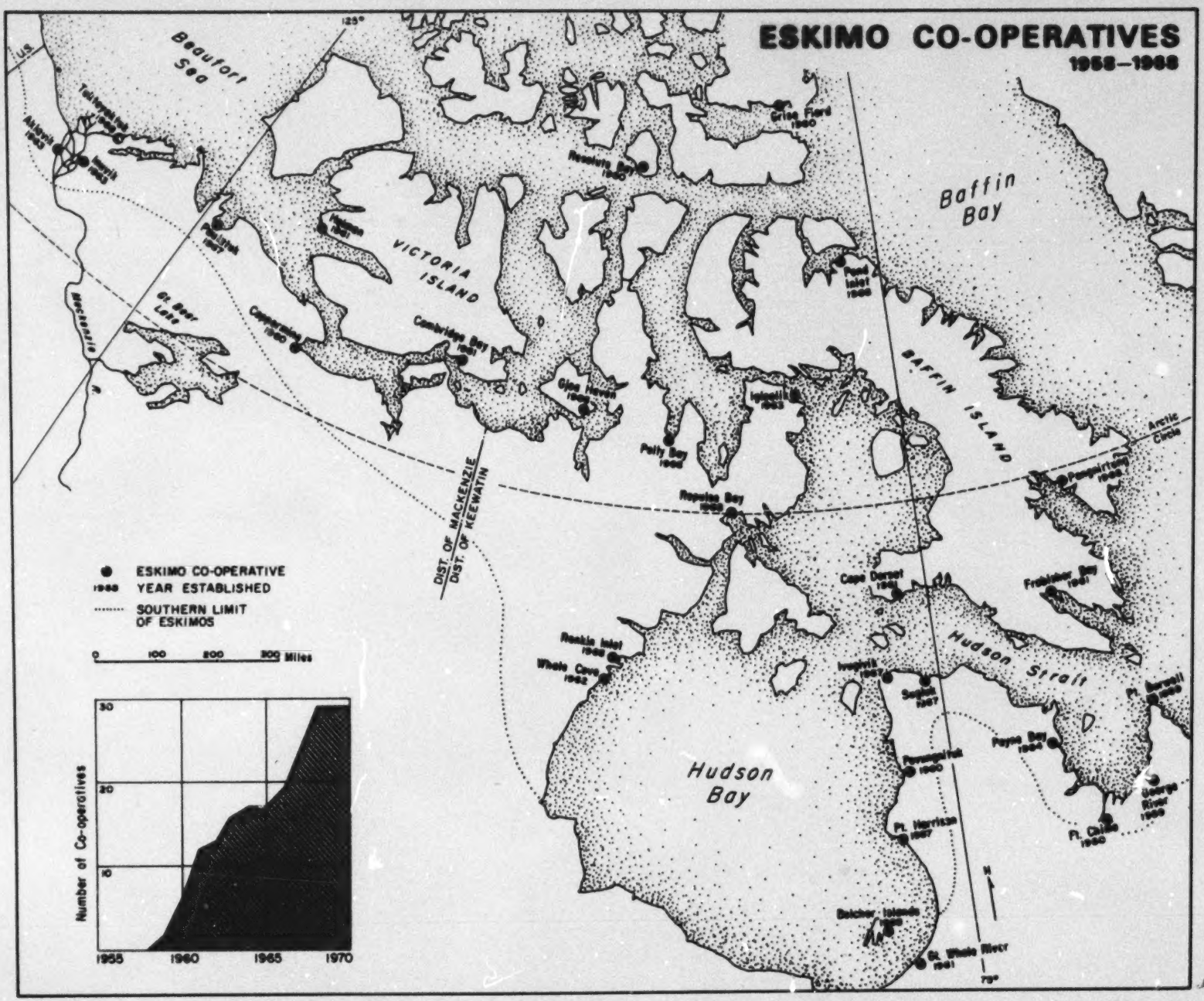
in 1958 by Evans was crucial in convincing government planners to experiment with a community co-op.[3] Evan's report extended beyond the limits of the standard resource inventory to include ways to improve the economic situation. He emphasized Eskimo ownership of new industries and singled out the co-operative as the organization to restore Eskimo control.

The following year, 1959, representatives of the Department of Northern Affairs and National Resources introduced the community co-operative concept to the Ungava Bay Eskimos at George River and Port Burwell.[4] They encouraged the Eskimos to organize fishermen's producer co-operatives to harvest the Arctic char reported in Evan's resource inventory. During this same period, Father Andre Steinmann independently initiated a co-operative based producers organization among the Eskimo carvers at Povungnetuk.[5]

The overall accomplishments of these pioneer Arctic co-ops encouraged the Federal Government to intensify its financial and technical commitment to the movement, while, at the local level, enthusiastic Eskimo co-operative leaders advanced the movement in neighboring villages. Povungnetuk, in particular, became the center of the co-operative movement in Arctic Quebec and sent its leaders to a number of villages promoting the advantages of co-operation.[6]

The cause of Arctic co-operation received a major stimulus in the middle 1960's when the Department of Indian Affairs and Northern Development organized two conferences for the Arctic co-op leaders. The first meeting was held at Frobisher Bay in 1963 and the second at Povungnetuk in 1966.[7]

It is impossible to fully evaluate the positive stimulus these two conferences had on the rapid diffusion of Eskimo co-ops in the middle and late 1960's (Fig. 1). They obviously helped focus attention on the struggling movement by bringing together Eskimo village leaders from the far reaches of


ESKIMO CO-OPERATIVES
1958–1968
Beaufort Sea
Baffin Bay
VICTORIA ISLAND
BAFFIN ISLAND
Hudson Bay
Hudson Strait
Arctic Circle
DIST. OF MACKENZIE
DIST. OF KEEWATIN
ESKIMO CO-OPERATIVE
YEAR ESTABLISHED
SOUTHERN LIMIT OF ESKIMOS
0 100 200 300 Miles
Number of Co-operatives
30
20
10
1955
1960
1965
1970

3a

6

the Canadian Arctic for the first time. The enthusiasm and goodwill generated by the Eskimo participants was carried back to their home villages and to neighboring villages not served by co-ops.

Certainly, the fact that the conferences were held on such a grand scale accomplished a great deal in unifying the movement's goals and in reducing the Eskimos' suspicions about the sincerity of the governments' commitment to help; for prior to 1963, themovement lacked any structural or ideological unity among the Eskimos. Co-operative information flowed vertically downward from government to isolated village and not laterally from village to village.

In southern Canada, the conferences attracted the attention of the major national co-operatives and the credit unions. Since the 1963 meeting, both the co-operative Union of Canada and the Quebec-based Conseil du la Coopération du Québec have provided technical assistance to improve the efficiency of existing co-ops and to help establish new ones. This assistance is coordinated with the government program designed to stimulate viable co-ops.

The Crucial Role of Government

It is necessary to discuss, in a general way, the relationship between governments and co-operative societies before attempting to evaluate the role of the Canadian Government in promoting Arctic-co-operation. National governments, regardless of their political structure and level of development, have certain minimal responsibilities to co-operatives. Generally, these duties begin with the passage of a law embodying the principles to be observed by the co-operative societies. The law is given weight by the appointment of a government co-operative officer who registers the societies and has the authority to oversee their regular audits.

Many governments in the developing world extend much more support and actively foster an environment for the growth of healthy co-ops. They assure the co-ops sufficient operating capital and provide the following supportive services: training for local managers; the loan of government officials to serve as managers until local personnel are adequately trained; loans for the establishment and expansion of co-ops' the preparation of educational materials on co-op principles and procedures; funds for audits and legal services; research to stimulate new economic activities; and the establishment of trading bodies to expand co-operative marketing.[8]

Critics may object that the development of the movement under the sponsorship of the government is inconsistent with the principle that a co-operative movement should be voluntary and spontaneous. However, while the ultimate aim would have been considerably retarded, for throughout its existence, the Co-operative Services Section has been understaffed.

The reasons for this personnel shortage stem from a combination of government economy and the difficulty in recruiting and retaining qualified people. During the 1960's the problems of the co-operative advisors in supplying adequate assistance to the movement were further aggrevated by the need to provide time consuming accounting services to most of the co-operatives.

In part, the problem of limited personnel was offset by the enlistment of outside help. Missionaries, RCMP Officers, school teachers and Resource Development Officers contributed valuable service beyond their assigned duties to assure the survival of co-ops in the villages they served. The Co-operative Services Section successfully enlisted the assistance of the national co-operative unions in southern Canada to prepare educational materials and to provide training workshops. However, throughout the uncertain formative

period, the most important ingedient contributing to initial success was the enthusiasm of the Eskimos, themselves. Without their ready involvement, the cop-operative meovement would have stalled regardless of how large a staff the government supporting agency maintained.

Adequate financial support is needed to back the existing organizational and supervisory services, if the movement is ever to make further progress. Societies, particularly during the formative years, need access to seasonal credit to finance their marketing operations and to grant credit to members. Larger sums of money are required for the acquisition of processing plants, transportation and construction equipment, and for building expansion.

The Canadian Government does provide equipment and loans to help individual co-ops get established or expand their range of activities. The main source of financial aid is available through the Eskimo Loan Fund. A co-op can borrow up to $50,000 for a ten-year term at five percent interest. This amount is sufficient for such small scale ventures as building and stocking a co-operative store or for initiating a handicraft industry. But, it is hardly adequate to meet the capital intensive requirements for establishing an integrated fishing industry, for building tourist facilities of a quality to compete with white-controlled northern resorts, or for the equipment purchases needed to exploit local resources, and to provide adequate co-operative owned transportation facilities. According to a Co-operative Services Section report:

> The lack of adequate financing services had a detrimental effect on certain co-operative operations. For example, the limit on credit available from the Eskimo Loan Fund caused some difficulty in carrying out ongoing activities and in some instances restricted expansion of feasible and legitimate plans.[10]

The federal financial assistance to co-ops stands in sharp contrast to the subsidies offered private ventures in the North. The Canadian Pacific

Railroad received a subsidy of $86 million to build the Great Slave Railroad to the Pine Point mine. Pine Point is owned by Cominco, a Canadian Pacific subsidiary. During the first three years of operation, Cominco made more than $100 million of tax-free profit.[11]

Lotz made a meaningful comparison between mining subsidies on Baffin Island and the lack of government support of two struggling Northwest Territories co-ops:

> Despite the world glut of iron ore, the Department stood ready in 1967-68 to help Baffinland Iron Mines come into production with a subsidy of $25 million. At the same time that talk of subsidizing this mine was going on, two Indian co-operatives in the Northwest Territories, at Fort Resolution and Rae, were refused further financial assistance from the government on the grounds that they were costing too much money.[12]

Government equipment loans helped to alleviate the co-op's problem of insufficient capital. The most requested item is the fish freezing plant, costing about $50,000 when installed in an Eskimo community. These plants are in short supply however and communities have had to wait several years, after their initial requests, for delivery.

The Arctic co-ops receive additional financial support from government funds that are not reserved specifically for the purpose of advancing the co-operative movement, but rather are appropriated for the general welfare of the entire Eskimo population. For example, the Federal Government provides a number of municipal services to the Arctic communities. Well organized co-ops have been able to contract these services, mainly water delivery and garbage and sewage pick-up, and thus boost their annual cash incomes.

One of the most successful services initiated in 1965 by the government to advance the co-operatives is the marketing agency, Canadian Arctic Producers

Limited (C.A.P.) Prior to this time, the Department of Indian Affairs and Northern Development marketed handicrafts and stone carvings for the co-ops. This arrangement worked well for a while, but the volume gradually outstripped the Department's limited facilities, encouraging the Federal Government to seek other means of marketing. Consequently, it requested the Co-operative Union of Canada to establish C.A.P.; the new agency agreeing to charge the co-ops a commission of 10 percent. In return, the government provided C.A.P. with sufficient funds each year to make up the difference between its operating expenses and the revenues for commissions.

Problems immediately arose in the financial structure of the agency. C.A.P. operated with limited working capital and was unable to pay the co-ops for their products until it received payment from the retailers. A year often lapsed before the co-ops were reimbursed, thus creating a hardship for the Eskimo producers.

The Department of Indian Affairs and Northern Development remedied the problem of inadequate working capital in 1970 by granting the agency $400,000 for 400,000 preferred shares. The objectives behind the government take-over of the marketing agency are two fold: to provide funds for faster payment and to restructure C.A.P., so that ownership and control can be progressively turned over to the Eskimos by returning shares based on co-op patronage.[13]

The relationship between the Arctic co-ops and government has changed since 1967. The Federal Government initiated these changes based on the belief that the movement's goals would be better served by a direct relationship between the co-ops and local governments. Therefore, Ottawa has increasingly turned the responsibilities of the Co-op Services Section over to the Northwest Territories and Quebec governments. The result has been to produce two Arctic

co-operative movements, separated by white-imposed political boundaries. The effects of this politicalization of the movement is most apparent in the difficulties of federation.

Federation

Successful co-operative movements evolve in the direction of economic self-sufficiency and increasing independence from state aid. These goals are achieved by the organization of regional societies into a federation so the members can retain their local autonomy, but, at the same time, can enjoy the advantages of economies of scale. The pooling of resources and the sharing of services allows the co-ops to take the initiative in important management decisions and to retain a greater proportion of the economic gains from their productivity for redistribution to the membership.

Economic benefits derive from the bulk purchasing procedures of the federation which enable the member co-ops to considerably reduce the cost of raw materials and finished goods. Thus, through a Federation-controlled marketing agency, the member co-ops improve their marketing position and, correspondingly, the returns from their products.

Purchasing and marketing are two examples showing how the advantages of scale directly bear on the viability of individual co-ops; but, they by no means, exhaust the potential of federation. A federation can maintain its own auditing, legal, and planning services, thereby, freeing itself of reliance on government supervision. Federation-wide planning and coordination, initiated at the local level, is important if the Arctic co-ops are to become independent decision-making bodies for promoting Eskimo welfare.

Despite the eventual necessity of federation, the Eskimos have had mixed success in their drive for union. The Concept was first advanced at the 1963

Frobisher Bay Conference of Arctic co-ops. Following the conference, the Co-operative Union of Canada prepared a discussion paper on federation and distributed it to the co-ops prior to the Second Co-operative Conference held at Povungnituk in 1966. The Eskimo conferees at Povungnetuk approved a plan for federation with three subdivisions: Mackenzie, Eastern Arctic, and Arctic Quebec and recommended formation at the earliest possible date.

Shortly after the conference, the Eskimos encountered legal obstacles that tended to divide the Arctic co-operative movement along political boundaries imposed on them from the south. The Co-operative Association Ordinance of the Northwest Territories, enacted in 1959, made no provision for federation. Thus, the co-ops in the Northwest Territories, the proposed Mackenzie and Eastern Arctic regions, could not incorporate until the Northwest Territories Council approved the necessary amendment to the ordinance. Whereas, in Quebec, provincial law permitted co-ops to federate and this privilege was interpreted to include the Eskimos.

The Arctic Quebec co-ops, anxious to capitalize on the advantages of federation, struck an independent course in May 1967 and formed La Fédération des Coopératives due Nouveau Quebec. Since its founding, the Fédération has been an extremely active organization providing an expanding range of services for the member co-ops.[14]

The Fédération has its headquarters at Levis, Quebec where it maintains a warehouse-showroom and coordinates the transportation network linking the member co-ops with the outside world. Once a year, the Fédération charters cargo ships to transport the year's supply of goods to the co-op stores; on the return trip, the ships carry the Eskimos' products.

In addition, the Fédération serves as a purchasing and marketing agent for the member co-ops, provides auditing services and organizes educational programs for co-op managers. It is currently promoting a tourist development program and expanding the scope of its educational offerings.

Meanwhile, the Northwest Territories co-ops did not allow the temporary political setback in 1966 to dim their enthusiasm for federation. Co-operative leaders from the Mackenzie and Eastern Arctic subdivisions attended regional meetings to work out the details of federation and to pressure the Northwest Territories Council for a change in the Co-operative Association Ordinance. Committees were formed at these meetings to visit Eskimo communities in order to generate understanding and support for federation among the rank-and-file membership.

The Eskimo co-operators were rewarded for their persistent effort on February 11, 1972 when co-operative representatives from the Northwest Territories, meeting at Churchill, Manitoba signed a memorandum agreeing upon the operating procedures for federation. Once the structure of federation was agreed upon, the Eskimos chose, as their first objective, to provide auditing and business management services to the member co-ops. Future programs include specialized services for bulk purchasing and marketing, tourism, training programs, and assistance in bidding on contracts and in securing the necessary equipment. This final provision would allow individual co-ops to compete with southern Canadian contractors for building projects in their communities.

The Economic Consequences of Arctic Co-operation

Although the majority of the Arctic co-operatives have been in operation only a decade, their economic impact is already evident (Table 1). Total sales volume increased from $209,000 in 1961 to nearly $3.1 million in 1969. Net

savings during the nine year period totalled a million dollars. Column five records the important gains made by the co-ops in increasing local incomes through wage employment and by purchasing members' products. In addition to direct income, the members have accumulated equity in their co-ops totalling $900,000.

The gains recorded in Table 1 reflect the multipurpose nature of the Arctic co-ops. They perform both producer and consumer functions, incorporating a wide variety of activities.

TABLE 1

CANADIAN ARCTIC CO-OPERATIVES: CUMULATIVE RESULTS, 1961-68

(in thousands of dollars)

Year	Sales	Net Savings	Purchases from Members	Wages and Salaries	Total Local Income
	(1)	(2)	(3)	(4)	(5)
1961	$ 209	$ 71	$ 15	$ 19	$ 34
1962	461	119	49	54	103
1963	411	47	59	72	131
1964	990	136	168	97	265
1965	1,189	86	469	132	601
1966	1,544	123	529	186	715
1967	2,096	29	665	283	948
1968	2,395	125	707	361	1,068
1968	3,084	341	(not itemized)		1,191
Totals	$12,379	$1,077			$5,056

SOURCE: Compiled from information provided by the Co-operative Services Section, DIAND, Ottawa, Canada.

Impressive as the economic indicators are, they only point to the real changes that have occurred in the organization of the Eskimo village economy and in its relationship to the outside world. These important changes can be printed out by comparing how the village co-operative economy is organized to solve the economic problems of production, distribution, and consumption with pre-co-operative arrangements. The central question revolves around the determination of the locus of benefit and decision-making over these basic economic processes.

During the contact period of intensive fur trapping, the Hudson's Bay Company trading monopoly organized the Arctic economy and administered it through their field representatives, the post managers. Administration at the local level was relatively simple; the Eskimos participated only at the primary production stage of supplying raw materials, while the post managers determined the value of the Eskimos' productivity and controlled the distribution of trade goods in the villages. Therefore, through its post managers, the trade monopoly dominated all transactions relating to production, distribution, and consumption between the Eskimos and the outside world.

The weak position of the Eskimo fur trappers in the market economy was reflected in their exclusion from the major profit-making transactions in the economic process. The larger share of the economic benefits in the market system stem, not from the production of raw materials, but, from transportation, processing, marketing, financing, and management; activities closed to Eskimo participation. The trade monopoly dominated and benefited from these transactions as well as from the marketing of European and Canadian manufactured goods in the Eskimo villages.

The co-operative economy, in contrast, revitalizes local control of economic decision-making and, at the same time, provides avenues for a larger proportion of the economic gains, from the Eskimos' human and material resources, to remain in the Arctic communities. The co-operative organization provides a scope of vertical integration of successive functions under the one management enjoyed earlier by the trade monopoly.

First, the producer's sector of the co-operative provides a locally controlled purchasing body for Eskimo raw material suppliers, primarily fish and furs. Next, a number of co-ops established processing plants for the raw materials, fish packing, and fur garmet industries. These plants provide local employment for Eskimo women and for men not engaged in extractive activities. Handicrafts and carving are also part of the processing level of production. The artists produce on an individual basis, securing their raw materials from the co-ops, then sell the finished products back to the co-ops.

In turn, the processed products, plus the raw furs are shipped outside for marketing. At the present time, the Eskimos remain dependent on non-co-operative owned transportation facilities to get their products to market. However, this situation may be remedied if the current operation of a commercial cargo plane by the Pelly Bay Co-op proves feasible. At any rate, the economy of scale, represented by the federation, improves the co-op's bargaining position with the transportation companies.

Lastly, the marketing of co-op products is increasingly being handled by the Eskimo-controlled federations; thus, giving the Eskimos direct connections with retailers throughout the world, and, in effect, eliminating unnecessary middlemen. The arts and crafts marketing agency, Canadian Arctic Producers, has a network of some 700 dealers in eleven countries. Annual sales increased

from $60,000 in 1965, when C.A.P. was established to $1.3 million in 1971.[15] If the above co-operative trends continue, the Eskimos will become their own entrepreneurs, managing and financing the whole undertaking from production of raw materials through the sale of the finished product.

The consumer co-ops serving as retail stores in the Eskimo villages, show equally impressive gains. Like the producer co-ops, these consumer operations take over a function previously restricted to the trade monopoly. The positive trend in merchandise sales between 1965 and 1968 is recorded in Table 2.

Economically, the co-ops are successful, both in the growing volume of their transactions and in the degree they enable the Eskimos to take advantage of opportunities in their environment, formally controlled by outsiders. They operate in stark contrast to the economic arrangements of the past fur trapping period when profits from the trade flowed to stockholders in England. Today, the profits return to the members in the form of cash rebates and in greater equity shares in the co-ops themselves.

TABLE 2

MERCHANDISE SALES OF CONSUMER CO-OPS

(in thousands of dollars)

Year	Sales
1965	$ 578
1966	688
1967	931
1968	1,326

SOURCE: Compiled from information provided by the Co-operative Services Section, DIAND, Ottawa.

Social and Cultural Consequences of Arctic Co-operation

Significant as the economic gains are, they do not overshadow the less quantifiable, but nevertheless, important social and cultural consequences of the co-operative movement. In fact, it is the movement's non-economic potential that inspired Vallee to conclude his review of Arctic co-operation with the following endorsement:

> I am an enthusiastic supporter of the co-operative movement in the arctic and subarctic regions of Canada, not as much because of the economic value of the co-operative, although this is considerable, but more because of its social and psychological value in helping people work away from the disheartening, demoralizing status they had in the past, when they looked for their signals from government officials, traders, police and missionaries.[16]

At the local level, the co-ops are the focal points of community-wide decision-making, providing both forums for the discussion of local problems and training grounds for the development of native leaders.[17] These developments, in the direction of greater village integration, suggest that co-operative involvement is offering an alternate form of social organization to the market economy's weakening effect on extended kin structure.

Successful multipurpose co-ops are effectively cutting across generational and sexual lines in their utilization of human resources. In the organization of the Igloolik Co-operative, Crowe found:

> Older people have been able to contribute knowledge and skills to field and handicraft work. The adult management group have learned to handle the mechanical equipment, and young adults with formal training have kept accounts.[18]

Baird and, more recently, Chance have expressed concern about the position of the Eskimo woman in the changing Arctic economy.[19] Many of her old skills no longer are in demand and, in the majority of the villages, she has not had the opportunity to learn new ones. Co-operative organizations are helping women

discover new skills and outlets for their creative talents. For example, the successful Aklavik Fur Garment Co-operative is made up exclusively of women.

At the regional level, the movement is fostering a form of pan-Eskimo solidarity is largely the outgrowth of the two Arctic co-operative conferences held at Frobisher Bay in 1963 and Povungnetuk in 1967, plus the numerous district meetings of co-op leaders. No doubt, the recent successes in federation will further enhance this important trend.

The Future: Toward a Co-operative Society

During the initial period of expansion, in the early 1960's, Vallee identified two features common to a majority of the Arctic co-ops which are central to a discussion of the future of the movement.[20] First, whites initiated the ventures and provide sustained impetus and, second, the co-ops are ultimately dependent on government financing and specialized technical services.

The first qualification relates to the process of decision-making. Vallee emphasizes that white guidance is present in the technical aspects of the operations such as accounting, pricing, and in matters whose signficance transcends the local community or whose significance is long-term. However, in the day-to-day local operation, the Eskimos manage their co-ops.

Georgia, a resident of Repulse Bay, recently voiced a strong protest on the issue of Eskimo involvement in co-operative administration. Her main arguments are summarized as follows:

1) Co-ops in the North, for the most part, seem to be government or mission projects trying to show a good set of figures.
2) Most of them are run by professional businessmen from the south.

3) The process of training local people to assume responsibility for their co-op deteriorates into merely hiring local people as casual labor.

4) They are bringing material benefits to the people, but in the process they are blurring, if not destroying, the principle of co-operatives.[21]

At this point in the development of Arctic co-operation, Georgia's criticism must be viewed more as a warning for the future than as an indictment of the movement's progress. The running of viable co-ops requires considerable technical and management training, not available to the Eskimos until the 1960's. The crucial test will come in the late 1970's when a generation of educated Eskimo can be expected to assume full responsibility for the management of the economic and political institutions in their communities. In the meantime, the co-ops serve as significant training grounds in community decision-making for the eventual realization of self-sufficiency in social organization.

Regardless of whether the co-op managers are Eskimo or whites, the most important obstacle to an independent co-operative movement in the future is the matter of economic self-sufficiency. During the 1960's, the co-op made spectacular gains in physical expansion and in member earnings. These gains, however, were buttressed in large part by substantional government expenditures in projects designed to stimulate local economies.

The Federal Government is committed to a long-term program of creating jobs in Arctic communities. Yet, when the saturable carving and handicraft market and the ecological limits on Arctic biotic resource exploitation are evaluated against the rapid rate of Eskimo population growth, it appears unlikely that present projects can be expanded indefinitely to provide employment, nor

that self-sufficiency can be achieved without a constant migration of Eskimos to southern Canada.

The limitations of the present productive base clearly ties the economic self-sufficiency issue to the question of resource control. Before the "Energy Crisis," it was estimated that the Federal Government would eventually receive over $100 million annually from Arctic oil and gas royalties.[22] Here the government has the opportunity to enter into a symbiotic relationship with the Eskimos in the allocation of these royalties based on equality.

But, the Eskimos' right to directly share in the royalties must first be recognized by Ottawa. This recognition involves the denial of the present policy of paternalism in the federal distribution system. The government must limit its role as a redistributive authority mediating between the Eskimos and the wealth produced by multinational corporations in the Arctic.

The Eskimo co-ops are the legitimate economic and planning institutions in the majority of the Arctic communities and are the logical bodies to directly share in the royalties from future resource extraction. Through consultation with government and private specialists, the co-ops can manage the allocation of resource royalties for the betterment of their communities. The net effect will be a healthier independent Eskimo population actively participating in the co-operative development of the Canadian Arctic.

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